

CASH RECEIPTS POLICY

TOWN OF UNDERHILL

PURPOSE: The purpose of this Cash Receipts Policy is to establish proper management practices for the receipt and recording of all monies received by the Town of Underhill in order to instill public confidence in Town operations and to provide accurate, reliable, and timely information upon which financial decisions can be made.

INTERNAL CONTROLS: All aspects of cash receipts shall be subject to proper internal controls, including:

1. Segregation of duties for authorization, recording, and custodian functions. In circumstances where this is not feasible, other mitigating procedures shall be established.
2. Daily processing of cash receipts.
3. Timely deposit of funds.
4. Timely reconciliation to the general ledger, grand list, tax administration module and other supporting accounting ledgers.
5. Utilization of automated system resources for enhanced processing and reconciliation.
6. Establishment of physical security procedures.
7. Notification of management and professional auditors upon suspicion of fraud. Management shall then notify the appropriate authorities (e.g. law enforcement, state agencies, legal advisors) in a timely manner for further investigation.
8. Periodic review by professional auditors of internal control compliance.

ACCOUNTING PRACTICES: All receipts shall be recorded in keeping with current authoritative standards and practices.

1. Revenue shall be recorded in the proper general ledger account.
2. Revenues shall be recorded in the proper fiscal accounting period.

PROPER PAYEE: All checks, money orders, electronic payments, and credit card payments, regardless of function, must be made payable to the Town of Underhill. No instruments may be made payable to a Town officer, employee, volunteer, department, committee, board, or group.

AUTHORIZED PERSONNEL: The Treasurer shall service as the primary recipient for all revenue collected. For internal control purposes, only the following officers, employees, and volunteers are authorized to receive funds on behalf of the Town of Underhill: treasurer, assistant treasurer, town clerk, assistant town clerk, finance officer, selectboard members, constable, animal control officer, and zoning administrator. Various committees, such as trails

and energy, may receive funds during fund raising activities, but cannot receive funds not related to those fund raising activities.

RECEIPTS: For internal control purposes, only the following officers and employees have access to the Town's computerized cash receipts system: treasurer/clerk, assistant clerk, finance officer and zoning administrator. Persons authorized to enter transactions to the cash receipts system must record the transaction at their assigned terminal and place the collection in the cash register drawer. Volunteers and committee members must deposit with the treasurer or finance officer no later than one week after collection. The treasurer or finance officer must prepare a receipt for the funds received and have it signed by the volunteer or committee member turning in funds.

DEPOSITING FUNDS: The treasurer or designate, will prepare balance and reconcile a daily cash register deposit if there is at least \$3,000 to deposit or a significant amount of cash. At the least, a deposit will be made weekly. During tax collection time, more than one deposit will be made daily. The treasurer will forward the balanced cash receipts report along with the checks and cash to the finance officer. The finance officer will endorse all checks and verify the deposit. Once verified, the finance officer will update Cash Receipts, Tax Administration and General Ledger according to accounting systems' procedures. The finance officer will take the deposit to the bank. When the deposit slip is available thru the on line banking system, the finance officer will print a copy and attach it to the printed reports from the accounting system. Each deposit package is kept in a three ring binder and made available to auditors.

ELECTRONIC RECEIPTS:

1. ACH forms completed by taxpayers for automatic payment of property taxes shall be entered directly into the Tax Administration program by the Finance Officer. The day before the taxes are due, the finance officer will prepare a computer report from the Tax Administration system and forward to the Treasurer along with a three ring binder with the original ACH signed forms. The treasurer will prepare the on line banking transaction and will return the binder along with a printed bank listing of accounts charged. After verification of all reports, the finance officer will place the reports in the cash receipts binder.
2. Electronic deposits made by outside agencies (e.g. State of Vermont, IRS, etc) will be posted to the accounting system by the finance officer and reports will be printed to support the entry and filed in the cash receipts binder.
3. Support for the quarterly Core Logic wire deposit of tax payments is email to the finance officer. After verifying that the funds have been deposited to the Town's bank account, the finance officer shall upload the file to the Tax Administration. Accounting system reports will be placed in the cash receipts binder.

CREDIT CARDS: All credit card sales are processed electronically and a listing of payments is emailed to the finance officer daily. If there is any activity, after verifying that the funds have been deposited to the Town's bank account, the finance officer will post the payments and run the accounting system reports which will be placed in the cash receipts binder.

RETURNED CHECKS: All returned checks shall be recorded in the accounting system and charged against the revenue in which they were originally posted. Since the bank automatically re-deposits returned checks, the Town will move immediately to collect funds from the maker. The finance officer will notify the treasurer of the returned check and the treasurer will notify the check writer and inform him/her that his/her check did not clear and advise there is a \$20.00 return check fee due.

PETTY CASH: No officer, employee, volunteer, department, committee, board, or group may establish a petty cash system without consent from the selectboard and the treasurer. The selectboard will appoint an officer, employee, or volunteer to be custodian for each petty cash account.

SEGREGATION OF DUTIES IN RECONCILIATION: The treasurer will sign all checks and prepare all on line banking transactions. The finance officer will prepare monthly bank reconciliations for all deposit accounts utilizing the accounting system.

The foregoing Policy is hereby adopted by the selectboard and the treasurer of the Town of Underhill, Vermont, this 10 day of Mar, 2012 and is effective as of this date until amended or repealed.

BQ

Chairperson

Bill L

Steve Jones

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Treasurer